

Message Text

LIMITED OFFICIAL USE

PAGE 01 MUSCAT 00363 140713Z
ACTION NEA-10

INFO OCT-01 ISO-00 EB-08 L-03 XMB-02 OPIC-03 AGRE-00
CEA-01 CIAE-00 DODE-00 FRB-03 H-01 INR-10 INT-05
LAB-04 NSAE-00 NSC-05 PA-01 CTME-00 AID-05 SS-15
STR-07 ITC-01 TRSE-00 USIA-06 SP-02 SOE-02 OMB-01
DOE-11 /107 W

-----097423 140837Z /64

R 140649Z MAR 78
FM AMEMBASSY MUSCAT
TO SECSTATE WASHDC 4135
INFO AMEMBASSY ABU DHABI
AMEMBASSY AMMAN
USINT BAGHDAD
AMEMBASSY CAIRO
AMCONSUL DHAHRAN
AMEMBASSY DOHA
AMEMBASSY JIDDA
AMEMBASSY KUWAIT
AMEMBASSY MANAMA
USDOC WASHDC
AMEMBASSY DAMASCUS

LIMITED OFFICIAL USE MUSCAT 0363

E.O. 11652: N/A
TAGS: ETRD, MU, US
SUBJECT: OMANI LETTERS OF CREDIT AND THE BOYCOTT

REF STATE 30207

1. MR. R.J. JORDAN, A LOCAL REPRESENTATIVE OF THE BRITISH BANK OF THE MIDDLE EAST (BBME), CAME TO EMBASSY MARCH 11 TO RAISE PROBLEM HIS BANK IS ENCOUNTERING WITH NEWLY OPERATIVE U.S. BOYCOTT RULES. AS HE PUT IT, IT SUDDENLY HAS BECOME IMPOSSIBLE TO PROCESS ORDINARY BANK FINANCING OF AMERICAN EXPORTS TO OMAN.

LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 MUSCAT 00363 140713Z

2. THE PROBLEM ARISES SPECIFICALLY IN THE LETTERS OF CREDIT THAT THE BBME IN OMAN FORWARDS TO ITS CORRESPONDENT BANK IN THE U.S. THE OMANI AUTHORITIES REQUIRE THAT THE LETTERS OF CREDIT CONTAIN THE FOLLOWING STATEMENT: "THE BILL OF LADING MUST BE ACCOMPANIED BY A CERTIFICATE ISSUED BY THE SHIPOWNER OR AGENT CERTIFYING THAT THE CARRYING VESSEL DOES NOT SAIL UNDER

THE ISRAELI FLAG AND WILL NOT CALL AT ANY ISRAELI PORT AND IS NOT ON THE ARAB ISRAELI BOYCOTT LIST."

3. BBME'S CORRESPONDENT BANK IN U.S. SAYS THAT THE FIRST TWO OF THE ABOVE CONDITIONS (CONCERNING ISRAELI FLAG AND ISRAELI PORTS) PRESENT NO PROBLEM UNDER THE NEWLY PROMULGATED U.S. RULES, BUT THAT THE LAST ONE (CONCERNING THE BLACKLIST IS NOT ACCEPTABLE. THE CORRESPONDENT REFUSES TO PROCESS THE LETTERS OF CREDIT. OUR BBME SOURCE BELIEVES OTHER U.S. BANKS WOULD DO THE SAME, RESULTING IN A TOTAL STOPPAGE OF OMANI LETTERS OF CREDIT IN THE U.S. (NOTE: ALTHOUGH OUR SOURCE DID NOT SO STATE, THE CLAUSE HE HIGHLIGHTS IS RELATIVELY NEW IN OMANI BOYCOTT REGULATIONS. IT ORIGINATED LAST SUMMER FOLLOWING THE FORTY-FIRST CONVENTION OF ARAB BOYCOTT OFFICERS. APPARENTLY, ANY NEGATIVE IMPACT IT HAD ON U.S. TRADE WAS NOT FELT UNTIL THE NEW U.S. RULES WENT INTO EFFECT.)

4. ACCORDING TO OUR SOURCE, EFFORTS HAVE BEEN MADE TO PERSUADE THE OMANI AUTHORITIES TO ACCOMMODATE TO THE U.S. RULES BY, FOR EXAMPLE, AGREEING TO A LIST OF ACCEPTABLE VESSELS THAT WOULD BE APPENDED TO THE LETTERS OF CREDIT IN LIEU OF THE ABOVE LANGUAGE ABOUT THE BLACKLIST. THE BBME KNOWS FROM ITS OFFICES ELSEWHERE IN THE ARAB WORLD THAT SUCH A PROCEDURE IS ACCEPTED BY OTHER ARAB GOVERNMENTS, INCLUDING THE UAE AND POSSIBLY SAUDI ARABIA. HOWEVER, FOR SOME REASON OMAN WILL NOT BUDGE ON THE ISSUE.

LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 03 MUSCAT 00363 140713Z

5. OMAN HAS ACCOMMODATED TO THE U.S. RULES IN OTHER COMMERCIAL DOCUMENTATION, OUR SOURCE SAID, NOTABLE IN ACCEPTING POSITIVE CERTIFICATION ON THE ORIGIN OF GOODS. ONLY LETTERS OF CREDIT PRESENT A PROBLEM, AND IF THE LEGAL INTERPRETATION WHICH BBME HAS RECEIVED FROM THE U.S. CAN BE BELIEVED JUST ONE PART OF ONE STATEMENT IN THE LETTERS OF CREDIT IS THE CAUSE.

6. ACTION REQUESTED: WE WOULD APPRECIATE GUIDANCE ON CORRECTNESS OF OUR SOURCE'S BELIEF THAT FINAL CLAUSE IS SOLE PROBLEM IN LANGUAGE QUOTE ABOVE. IF SO, WOULD A SHIFT TO LIST OF ACCEPTED VESSELS MEET THE U.S. RULES? COMMENTS OF OTHER POSTS ON PRACTICE IN THEIR COUNTRIES WOULD BE WELCOME. UNLESS DEPARTMENT INSTRUCTS OTHERWISE, WE INTEND TO APPROACH OMANGOV IN EFFORT TO FIND SYSTEM FOR LETTERS OF CREDIT THAT WOULD BE ACCEPTABLE IN U.S. PROSPECT OF CUT-OFF OF FINANCING OF IMPORTS FROM U.S. IS, WE BELIEVE, UNPALATABLE TO GOVERNMENT-BUSINESS ELITE HERE, AND THEREFORE WE THINK AN ACCOMMODATION IS VERY POSSIBLE. WE HAVE ALREADY FORMALLY DRAWN OMANGOV ATTENTION TO NEW RULES AND MADE DEMARCHE OUTLINED REFTTEL.

WOLLE

LIMITED OFFICIAL USE

NNN

Message Attributes

Automatic DecapTIONing: X
Capture Date: 01 jan 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: CREDIT, POLICIES, BOYCOTTS, BANKS
Control Number: n/a
Copy: SINGLE
Draft Date: 14 mar 1978
DecapTION Date: 01 jan 1960
DecapTION Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 20 Mar 2014
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1978MUSCAT00363
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: UPGRADED PER MEMO P840019-0505
Executive Order: R1 19880101 MCMANAWAY, C E
Errors: N/A
Expiration:
Film Number: P840019-0506, D780112-0930
Format: TEL
From: MUSCAT
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1978/newtext/t19780371/aaaacifj.tel
Line Count: 115
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: ebe5f5c7-c288-dd11-92da-001cc4696bcc
Office: ACTION NEA
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: UNCLASSIFIED
Original Previous Handling Restrictions: LOU
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: LOU
Reference: 78 STATE 30207
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 23 jun 2005
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 3341148
Secure: OPEN
Status: NATIVE
Subject: OMANI LETTERS OF CREDIT AND THE BOYCOTT
TAGS: ETRD, MU, US
To: STATE ABU DHABI
Type: TE
vdkgvwkey: odb://SAS/SAS.dbo.SAS_Docs/ebe5f5c7-c288-dd11-92da-001cc4696bcc
Review Markings:
Sheryl P. Walter
Declassified/Released
US Department of State
EO Systematic Review
20 Mar 2014
Markings: Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014